

HOW TO GET MORE EFFECTIVE ADVERTISING

OGILVY & MATHER - WE SELL - OR ELSE

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“It is not the strong, nor the intelligent who survive,
but those who are quickest to adapt.”

Charles Darwin

How to increase your profit when times are tough

We face one of the most challenging business environments for years. Recessions caused by liquidity problems are particularly severe. In recent months we have seen major financial institutions and the world's stock markets collapse. Your company needs to take urgent action to win through.

Some companies *do* succeed in recession. They see it as an opportunity for growth. While competitors panic, they stick to a plan.

This book is based on Ogilvy's experience of winners in recession together with research into best practice.

1. Choose an agency with a proven effectiveness track record
2. Engage your agency with your business issues
3. Set advertising strategy in line with corporate strategy
4. Set hard objectives
5. Define your Big Ideal™
6. Give your agency written briefs
7. Write great briefs
8. Get better at judging creative ideas
9. Cut your approval layers
10. Use research wisely
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14. Learn what works and do more of that
15. Pay by results

Great advertising can sell *twenty times more* than average advertising. The recession will put extra pressure on the advertising budget. More than ever, your company needs a bigger bang from every buck. This booklet suggests 15 ways to get it.

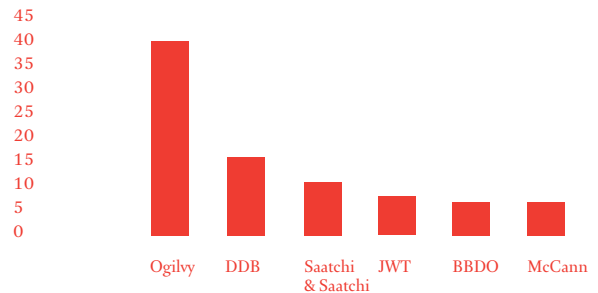
Please note we use the word 'advertising' to mean 'any paid for marketing communication'. Advertising in this sense includes content in traditional media, digital, direct and retail channels — they're all ads.

1. Choose an agency with a proven effectiveness track record

The marketing department does not actually produce your company's advertising, it commissions it. If you want more effective work, your agency will have to create it. You improve your chances of getting effective work by choosing an agency with a proven effectiveness track record.

The current agency ranking in all Asia Pacific effectiveness competitions is:

Number of awards won in all Asia Pac effectiveness competitions 2007



Base: AME + HK, Singapore, India, China, NZ and APAC Effies '07. Other agencies 4 or fewer

If your agency is not on this list, it won four effectiveness awards or fewer. Ask it how many effectiveness awards it won last year. Ask to see its effectiveness cases. Ask what steps it is taking to create an effectiveness culture — how much does it invest in people and tools dedicated to effectiveness?

Are you happy with the answers? You can't afford to rely on effectiveness amateurs in recession.

2. Engage your agency with your business issues

Some clients do not share commercial information with their agencies, but your agency needs to know what your business issues are before it can begin to create effective solutions.

Ask to see your agency's internal creative briefing form. Does it start with a statement of your company or brand's business issues? Does it state the advertising's success criteria? If not, the creative department can only luck into effective work. Not good enough. Make sure the creatives know what your business issues are and what is expected from them.

3. Set advertising strategy in line with corporate strategy

Corporate strategy and marketing strategy may not always be aligned. An HBR report stated, 'When marketing activities are tightly aligned with corporate strategy, they drive growth. But in too many companies, marketing is poorly linked with strategy.*'

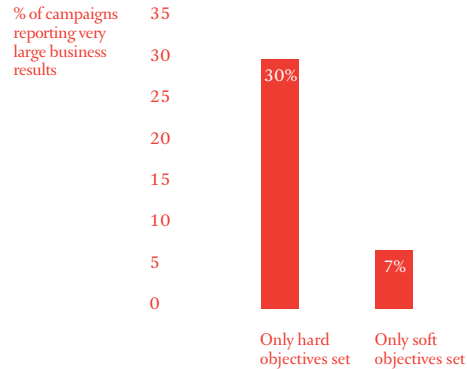
Define advertising effectiveness in terms of your corporate goals:



*G McGovern, D Court, J Quelch, B Crawford: *Bringing Customers into the Boardroom*, Harvard Business Review, November 2004

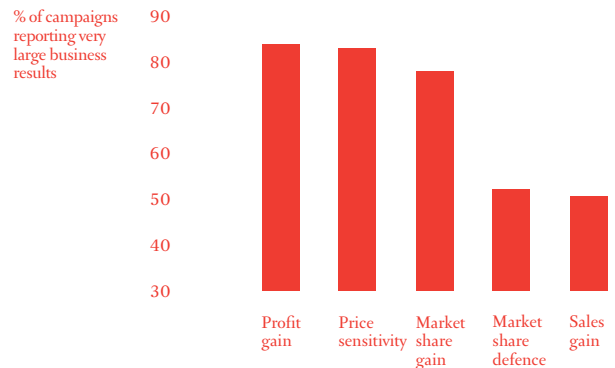
4. Set hard objectives

Hard objectives include business or behavioural results, while soft objectives include attitude or awareness changes. If you set hard objectives, your advertising is *much more likely* to produce very large business results:



(Source: Binet and Field, *Marketing in the Era of Accountability*, 2007
Base: 880 successful marketing campaigns, 1980 – 2006)

Within the hierarchy of hard measures, campaigns that set out to increase profit — the hardest measure of all — are the most likely to produce very large business results:



(Source: Binet and Field, *Marketing in the Era of Accountability*, 2007
Base: 880 successful marketing campaigns, 1980 – 2006)

5. Define your Big Ideal™

Consumers should be exposed to the same brand at every touchpoint. This does not mean always using the same image or slogan as different channels have their own characteristics. It means all activities must be informed by the same Big Ideal™.

A brand or company's Big Ideal™ is Ogilvy's proprietary advance on the old 'big idea'. Big ideas were designed for a simpler media landscape. Big Ideals™ are designed for today's more complex communications world, in which multiple stakeholders influence the brand's fortunes, including the internal audience, retailers and other intermediaries, bloggers and chat rooms, etc.

Big Ideals™ are where *the brand's best self* meets a *relevant cultural trend or tension*. From it often comes breakthrough advertising, advertising that becomes famous and talked about, advertising that redefines the category benefits. Campaigns that make the brand famous create higher sales, profit and market share than campaigns that persuade or inform:



(Source: Binet and Field, *Marketing in the Era of Accountability*, 2007
Base: 880 successful marketing campaigns, 1980 – 2006)

6. Give your agency written briefs

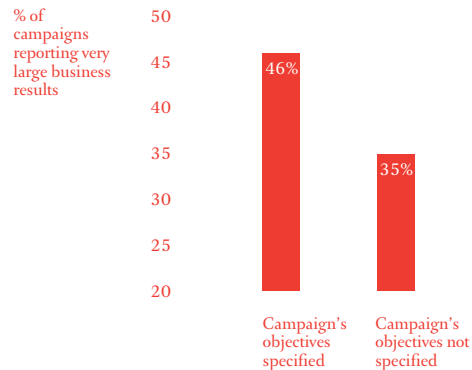
There are two compelling reasons why you should write a brief for every piece of work you commission: it leads to more effective work and it saves you time and money.

More effective work

A brief is the single most important piece of information you issue to your agency. Everything else flows from your brief: it is the platform for the communications strategy and internal creative brief, for the creative work and the media mix. Therefore it is essential you take every effort to prepare the best possible documentation of what you require.

The more clearly your key business issues are described, and the better your company's corporate or brand objectives are defined, the more likely it is that the agency's strategic and creative thinkers will be able to apply their specialist skills to produce great solutions.

Campaigns with clear objectives are 30% more likely to create very large business results than campaigns without:



(Source: Binet and Field, *Marketing in the Era of Accountability*, 2007
Base: 880 successful marketing campaigns, 1980 – 2006)

Save time and money

On average, 75% of creative ideas go through three stages of approval, and 22% go through four. You need more 'right first time' creative work in recession, and you increase your chances of getting it by giving your agency a tight brief. Informal or sloppy briefings from junior members of the team, or changing the requirement midway through the process, cost you time and money.

Some clients use the creative process to clarify their strategy. That's inefficient. It's like buying different sets of curtains merely to define how big your windows are. Set the objectives — with input from the agency — before the creatives start work, and stick to them.

How many people in your organisation are allowed to brief the agency? Can you reduce the number, so the agency isn't distracted by low-level requests?

Who approves the agency briefs? You need to ensure they are seen and approved at a senior level, so your agency can focus on what is really important to your company. (And that approval will get buy-in from key people at an early stage. Otherwise senior executives in your company, often outside the marketing department, might challenge important assumptions, leading to costly changes of creative direction.)

Imagine for a moment you are not briefing an agency. Imagine you are standing on the bank of a river and you want to build a bridge. You are surrounded by specialists like architects and builders. How are you going to brief them to get your perfect bridge?

You would begin by explaining where you want the bridge to start from. That's 'Point A'. It's not up for debate. They need to know that.

Then you would say where it should go to. That's 'Point B'. If you were the architect, you'd need to be pretty clear on that before you started work.

But would you tell them how to build the bridge itself? Probably not. That's a job for specialists. You would tell them what the bridge is for — how many vehicles will need to cross it, what size boats need to go underneath it, etc. But actually building it is their job. You'll sit back and wait for the drawings.

Briefing an agency is like that. They need to know where you are now and where you want to get to. Ultimately the purpose of all advertising is to get people to do something. Which people? What do you want them to do? Answer those questions and you've got the basis of the brief right there.

Negotiate the brief with your agency, don't deliver it as a fait accompli. Their skills and knowledge can help improve it, and they will be more enthusiastic and confident if they have contributed. There are many different formats of client briefs. An example is given in Appendix 1*.

Following your brief, the agency will write its own internal creative brief. Ask to see it. Does your agency really understand your business issue? Is the advertising objective designed to address it?

* Herd, Chris: *The Client Brief* (2004)

7. Write great briefs

Great briefs are more likely to produce great work, and you need great work in recession. Other things being equal (price, distribution, product quality, etc.), great creative work can sell *twenty times more* than average work.

Great briefs inspire and galvanise your agency, poor briefs depress and confuse them. Consider this example. The Pope's account man, Cardinal Alidosi, needed to brief Michelangelo to paint the roof of the Sistine Chapel in Rome. How did he do it? He might have said:

A. 'Please paint the ceiling.'

This is a bad brief. It gives Michelangelo no hint as to what the solution might be.

B. 'Please paint the ceiling using red, green and yellow paint.'

This brief is worse. It still does not tell Michelangelo what to paint, and it also gives him a number of restrictions without justification, which will prove irksome and distract him from his main task.

C. 'Please cover up the damp and cracks in the ceiling.'

This is much worse. It still does not tell Michelangelo what to do, and it gives irrelevant and depressing information which implies no one is interested in what he does because the ceiling will fall down before long anyway.

The actual brief Michelangelo was given, more or less, was:

'Please paint our ceiling for the greater glory of God and as an inspiration and lesson to his people. Paint frescoes which portray the creation of the world, the Fall, mankind's degradation by sin, the divine wrath of the deluge and the preservation of Noah and his family.'

Now that Michelangelo knows what to do, and is inspired by the importance of the project, he can devote his talent to executing the brief in the best way he knows.

This brief helped produce one of the great creative works of all time*.



8. Get better at judging creative ideas

Assessing and responding to the ideas your agency puts forward is one of the most difficult things clients have to do. Judging whether the creative work is likely to achieve its objectives takes imagination, skill and courage. As with so much of marketing, creative judgment involves a combination of art and science, of subjectivity and objectivity. The following tips may help:

* O'Malley, Damien: *Creative Briefing*, in Cowley, Don (ed.): *How To Plan Advertising* (1987)

- Come to the meeting with a smile. When creative people are having fun, the ideas flow more easily, and the work on the table may change for the better.
- Judge the work against the marketing and creative briefs. Make sure the same people who approved your brief are present when the creative work is presented. Does the work solve the business issue? Does it move the right people in the right way for the brand?
- Expect great work to go beyond the letter of the brief. There should always be a creative leap — the brief can only go so far towards a solution, it is not the solution itself.
- Ask for informal ‘tissue’ meetings to see the work at an early stage. It is much easier to make changes earlier than when people have taken entrenched positions.
- Get to know your creative team as people. Have lunch with them. Find out how their minds work and which ads they admire. It will help you understand what they are trying to achieve for you.
- Define the creative idea. This is not the same as the execution idea. If you have a problem with the work, is it with the idea or the execution? Coming up with new executions is easy, coming up with new creative ideas is hard. Is the creative idea clever and original, distinctive, true to the brand, credible, campaignable, durable, etc.?
- Question the idea. Ask what inspired it, how it would work in other media, why it will work, how it could be improved, what would change if we had more time. Questions such as these stimulate and involve the creatives to help tease out explanations. Don’t ask closed questions. They will kill the idea before you’ve begun exploring it.
- Understand yourself. Your first reaction to the work will almost certainly be subjective. You will think, ‘I like this’ or ‘I don’t like this’. That’s not a bad thing, but ask yourself what influences are at work on your opinion. Are you thinking of what colleagues might say back at your office? Or are you putting yourself in the consumer’s shoes and judging the work like its real human target?
- It’s OK to feel a little nervous sometimes. In fact it can be a very good sign. Effective advertising *should* be innovative and distinctive. ‘Seen it before’ work is easier to buy but will be less effective. If you want fresh ideas from your agency, encourage it to move your company beyond its comfort zone.
- Be honest. Don’t pussyfoot around the issue or say what you think people want to hear. If you’re not happy with the work, ask directly if the agency can assure you it’s the best they can do. Very often they will come back with something new.
- Allow time for reflection. Ask yourself constructive ‘how’ questions: how can we take the idea on? How can we adapt it? How can we make it better?
- Respond in writing. The act of writing helps clarify one’s thinking, and a written response removes uncertainty at the agency*.

*Collister, Patrick: *Judging Creative Ideas* (2007)

9. Cut your approval layers

Review your internal approval process. How many people does the creative work have to go through before it gets to the budget holder? They could probably be more productively employed. Low-level people often say 'No' because they lack experience. It costs you time and money for work to be revised, and there's no quality improvement. Simplify your approval process and you may be amazed by how quickly and well your agency can respond.

10. Use research wisely

Used wisely, pretesting and exploratory research are invaluable. You are able to gauge consumer reaction to the strategy and advertising before you spend large sums on production or media, and can adjust the content for greater effectiveness.

However, always bear in mind the limitations of pretesting research. The samples involved are often small, the work is usually shown in rough form with zero production values, and the ambience is more critical than it would be in real life. Don't delegate all responsibility to it.

Above all, remember all pretesting methods and systems are flawed. None reliably predicts sales, the one thing you would really like to know. There are three reasons for this: a) advertising effectiveness can be defined as content times repetition, and no standard research method replicates repetition; b) the effectiveness of your advertising will vary according to the competitive context, particularly in the crucial measure of relative share of voice, and no research can predict what competitive ads will be running or their media weight; and c) your sales depend on all 4Ps (product, price, place and promotion), but you are only researching one of the Ps; and within that limitation, you are only researching the message 'push' and not the take-up of the idea in popular culture via YouTube and chat rooms, etc.

The worst reason for doing research is to tick a box before the ad is passed for further inspection up your internal hierarchy. That really is using research as a drunk uses a lamp post — for support rather than illumination.

Test your own research systems. Ask your marketing department to compare pretest scores for ads with their actual in-market performance for the past few years. If there's little or no correlation, drop that method now. Research techniques that have demonstrably failed to predict success in the past won't get you more effective work in recession.

11. Don't cut production budgets

It makes sense to eliminate waste in production in recession, and you need to discuss with your agency how this can be achieved. For instance, it may offer digital solutions for multinational advertisers whereby creative work can be more efficiently shared between markets. But what consumers are actually exposed to must always be up to the standards they expect from your brand. You can't sell the quality of your product with cheap-looking advertising.

It's like reducing product quality when raw material prices are high. You may get a short-term income boost but you will lose the loyalty of your best customers. Don't make it easy for competitors to steal them away from you.

12. Spend 360°

- Multi-channel campaigns have a better success rate (65%) than single-channel campaigns (58%). If your company is a traditional advertiser reliant on TV, you will get a bigger bang for your media buck by exploring 360° channel opportunities.
- This is definitely *not* an argument against using TV. Far from being dead, TV is one of the most efficient and effective media: campaigns using TV have a higher success rate (66%) than campaigns not using TV (49%). It is an argument for using TV alongside other channels:
- Multi-channel campaigns are *more than twice as efficient*. On average, every 10% points of surplus share of voice ('surplus' SOV is share of voice minus share of market) creates 2.2% points of market share, but multi-channel campaigns beat this average:

Market share gains (% points) for every 10% points of surplus share of voice

Traditional advertising	1.1%
Traditional advertising plus other channels	2.6%

- Campaigns using multiple BTL channels are more *effective*. 80% of campaigns using four or more channels reported very large business results, as against only 55% of campaigns using one BTL channel.
- However, don't spread your budget too thinly across too many channels. You may end up doing nothing much in any of them. The crucial metric in every channel is always share of voice relative to competitors. Depending on the size of the brand budget, you might find three or four channels optimum.

13. Exploit low regional media costs

Identify regions where media are relatively cheap in terms of cost per thousand. Make them the priority for increased distribution and zero out of stocks. It might sound like the advertising tail wagging the sales dog, but the biggest effectiveness loss is to create demand and then not have enough product stocked to meet it.

14. Learn what works and do more of that

It is more important than ever to take a cool, impartial look at the returns you get from advertising. For next year's campaign, which elements of the current campaign are working well, and which are working less well? Advertising evaluation was perhaps less important when markets were booming, but it is essential now.

The best method for evaluating short-term sales effectiveness is to build an econometric model. Models are based on two inputs: a) your brand's sales, and b) all other factors that might affect sales, such as your brand's advertising, its relative price, distribution, new products entering the market, seasonality, competitive advertising, etc. Ideally you will have data on all these for the past three years. The model will then tell you which factors affect sales and by how much.

The results may surprise you. One of our clients believed they were in a retail-dominated market and spent 75% of the marketing budget on retail support. However, their model showed that each \$1 spent above the line created *three times more profit* than the same amount spent below the line. One reason was that advertising had a much longer sales tail. It grew sales for 12 months after a burst of activity, while retail activity had zero sales effects after two months. Our client got a bigger return on investment by rebalancing the budget towards the most profitable activities.

Don't forget that advertising has long-term benefits too. It creates brand loyalty, price premiums for parity products and faster market penetration. They need to be included in the evaluation*.

15. Pay by results (PBR)

Payment by results is usually just a small bonus on top of the agreed agency fee or commission, accounting for a small fraction (usually no more than 10%) of your agency's income. Make PBR a much bigger proportion.

The basic idea is simple. If the agency's campaign creates a huge success for your brand, it will make a substantial amount of money. But if your brand suffers, the agency will share your financial pain.

Your agency will need to cover its basic costs in handling your account but you can propose that a large proportion of its profit comes from meeting brand or corporate targets. Consider setting a basket of targets comprising a) short-term sales, b) market share, c) brand strength and d) others (e.g. your standard agency performance review), which together add up to 100% of remuneration above costs. Allow for poor, on target and stretch target performance. Weight the baskets such that they align with your objectives. For instance, if market share is more important to your success than short-term sales, it might account for, say, 40% of the total while sales might account for 20%.

*Methods for measuring these sources of payback are described in Ogilvy's recent booklet *Optimising the Marketing Budget (2008)*. Please contact us if you would like a copy.

APPENDIX 1: TEMPLATE CLIENT BRIEF TO AGENCY

1. Project management

Basic facts about the project such as:

Date, project name, project type, purchase order, job number
Company name, operating company name, brand owner
Brand name/variant
Client team names, contact details.

2. Where are we now?

The business issues and challenges the company faces
The current position of the brand and its key issues
A summary of the product's attributes and benefits, its history, distribution channels, market size and trends, communications history for the brand and its competitors, etc.

3. Where do we want to be?

What this project is intended to achieve for the business.

4. What are we doing to get there?

Marketing strategy — what other parts of the marketing mix beyond communications are involved, what other programmes are planned or in place, what is the corporate strategy?

Campaign strategy — what is the overall campaign plan, and what are the discipline-specific briefs for advertising/media/PR/DM/SP etc. What is the role of each channel?

5. Who do we need to talk to?

Prioritise and define the segments in terms of income, demographics, influence, product usage, etc. What insights into these people do we have?

6. Success criteria?

Describe the measures that have been put in place to establish whether the campaign has delivered against its objectives. What measures? When will it be measured? Who will measure it?

7. Practicalities?

Budgets — Define upfront, after consultation with your agency, on what is needed to achieve your objectives

Timings — What are the key delivery dates? When are the key milestones? Is there a crucial sales conference or board meeting? What pre-testing is planned?

Others — What are the media strategies and plans? Are there legal or regulatory restrictions? Are there corporate codes and ethics the agency should be aware of?

8. Approvals

Who will finally sign off the agency's work? That same person should also sign off the brief.